

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **October 29, 2002, Work Session**

AGENDA ITEM NO.: [5](#)

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: Report On The Issuance Of \$35,745,000 General Obligation Public Improvement Bonds; Estimated \$19,000,000 Refunding Bonds Of The 1993 Bonds And \$16,745,000 New General Obligation Bonds For FY 2003 Capital Projects

RECOMMENDATION: Schedule a public hearing on December 10, 2002 for the issuance of \$35,745,000 General Obligation Bonds of which \$19,000,000 is to refund the 1993 bonds and \$16,745,000 is new debt for various FY 2003 capital projects, fire and rescue equipment, the State Police Hanger at the Lynchburg Regional Airport, and emergency communications equipment.

SUMMARY: As a result of low interest rates, the City's Financial Advisor, BB&T Capital Markets has recommended that the City refund the 1993 bond issue through the issuance of approximately \$19,000,000 in refunding bonds. Depending on the bond market, the issuance amount could change as the sale date gets closer. At this time, the estimated debt service savings are \$1,091,978. Of the savings, \$475,734 will accrue in FY 2003 with the balance either all in FY 2004 or possibly some in FY 2005.

Based on projected cash needs combined with currently available funds and FY 2003 pay-as-you-go funding, there follows a summary of the proposed \$16,745,000 new money bond issue for FY 2003:

Project Title	FY 2003 Expenditure Estimate
Buildings	\$2,000,000
Transportation	2,100,000
Economic Development	1,100,000
Recreation	2,400,000
Schools	2,400,000
Water	2,500,000
Sewer	2,000,000
Fire and Rescue Equipment	1,190,000
Airport	525,000
Communications Equipment	400,000
Bond Issuance Cost	130,000
Total	\$16,745,000

For the equipment components of the bond issue, and consistent with the City's debt policy, the amortization of the related equipment debt will correspond to the life of the equipment. Additionally, the debt for the Airport relates to the State Police Hangar that will be amortized over the term of the twelve-year lease.

The largest project in the FY 2003-2008 Capital Improvements Program (CIP) is the renovation of E. C. Glass High School. In July, the Lynchburg School Board amended its FY2003-2008 CIP to provide for a faster renovation schedule for E. C. Glass. Under the revised schedule, cash flow projections indicate that expenses would exceed the \$7,600,000 level funding in two years but the overall School CIP would not exceed the six year total \$45,600,000. As a result of the change in project scheduling and the historically low interest rates, an assessment is underway to determine the financial impact of adding additional funds to this bond issue for the renovation of E. C. Glass while maintaining compliance with the City's debt policy budget capacity.

PRIOR ACTION(S): Appropriation of the FY 2003 projects included in the Council-adopted FY 2003-2008 Capital Improvements Program

FISCAL IMPACT: Debt Service Savings of \$1,091, 978
Increased outstanding debt and annual debt service expense

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ATTACHMENT(S): Listing of major projects funded by the proposed bond issue
Bond sale calendar

REVIEWED BY: lkp

FY 2003 BOND SALE
\$35,745,000
Refunding Bonds \$19,000,000(est)
New Bonds \$16,745,000(est)

October 25	Complete Data Collection for Official Statement
October 29	Review Financial Policies (Council Work Session) Written Bond Sale Update (Council Work Session)
November 22	Receive Draft Financial Statements
November 26	First Publication of Public Hearing Notice
November 25	Receive Bond Ordinance and Resolutions
December 3	Second Publication of Public Hearing Notice Finish Council Package Mail Package to Rating Agencies
December 10	Public Hearing, Adopt Resolutions Approving Issuance of Bonds, Approve Official Statement, & Appropriate Issuance Costs Rating Agency Discussions
December 20	Receive Bond Rating
January 14	Mail & Post Official Statement on Internet (mailing if any will be minimal with use of Internet)
January 22	Bond Sale
February 13	Bond Closing

Priority capital projects Included in the FY 2003 \$16.615,000 Bond Issue

Renovation of The Merritt Hutchinson Stadium
Ninth Street Improvements
Monument Terrace
Old Courthouse/Museum
Old Graves Mill Road Relocation and Nationwide Signal
Point of Honor Bridge
Holiday Inn Parking Deck
Community Market Ventilation
Major Bridge Repairs
Major Building Repairs
Roof Replacements
Blackwater Creek Restrooms
Various Water and Sewer Improvements
E. C. Glass High School renovation